



DCMC Small Business Goals

Subcontracting Performance Measures

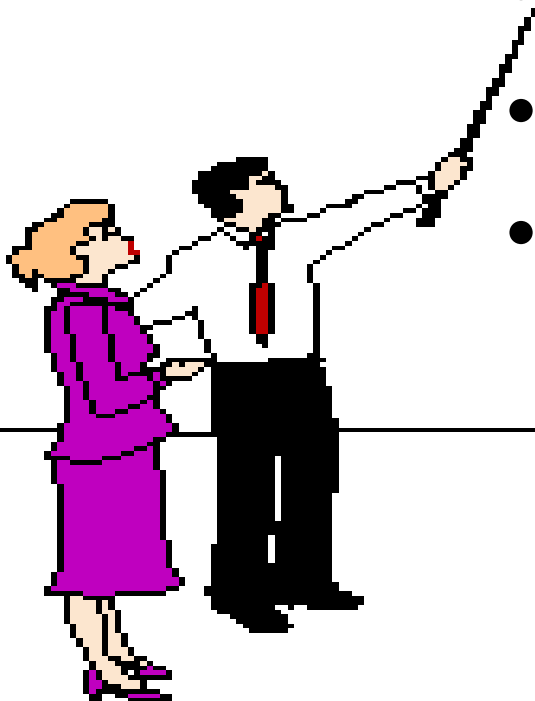
28 October 1999

Sydney Pope
Deputy Director, Supplier Risk Management



Agenda

- Mission
- Goals
- Comprehensive Test Program
- Performance Measures
- Future Actions





Mission: DCMC Small Business

- DLAD 9100.1, Para 4, defines DCMC Roles and Responsibilities
 - DCMC Commander, “Ensures effective, efficient implementation...”
 - District Commanders, “Manages small business program”
- FAR 19.705-4 (c) “Subcontracting goals should be set at a level that the parties reasonably expect can result from the offeror expending good faith efforts to use small business, HUBZone small business, small disadvantaged business, and women-owned small business subcontractors to the maximum practicable extent.”



Mission: DCMC Small Business

Subcontracting Plan Types

- Individual or Contract-by-Contract
- Commercial
- Master
- Comprehensive (DCMC negotiates most of these)



Mission: DCMC Small Business

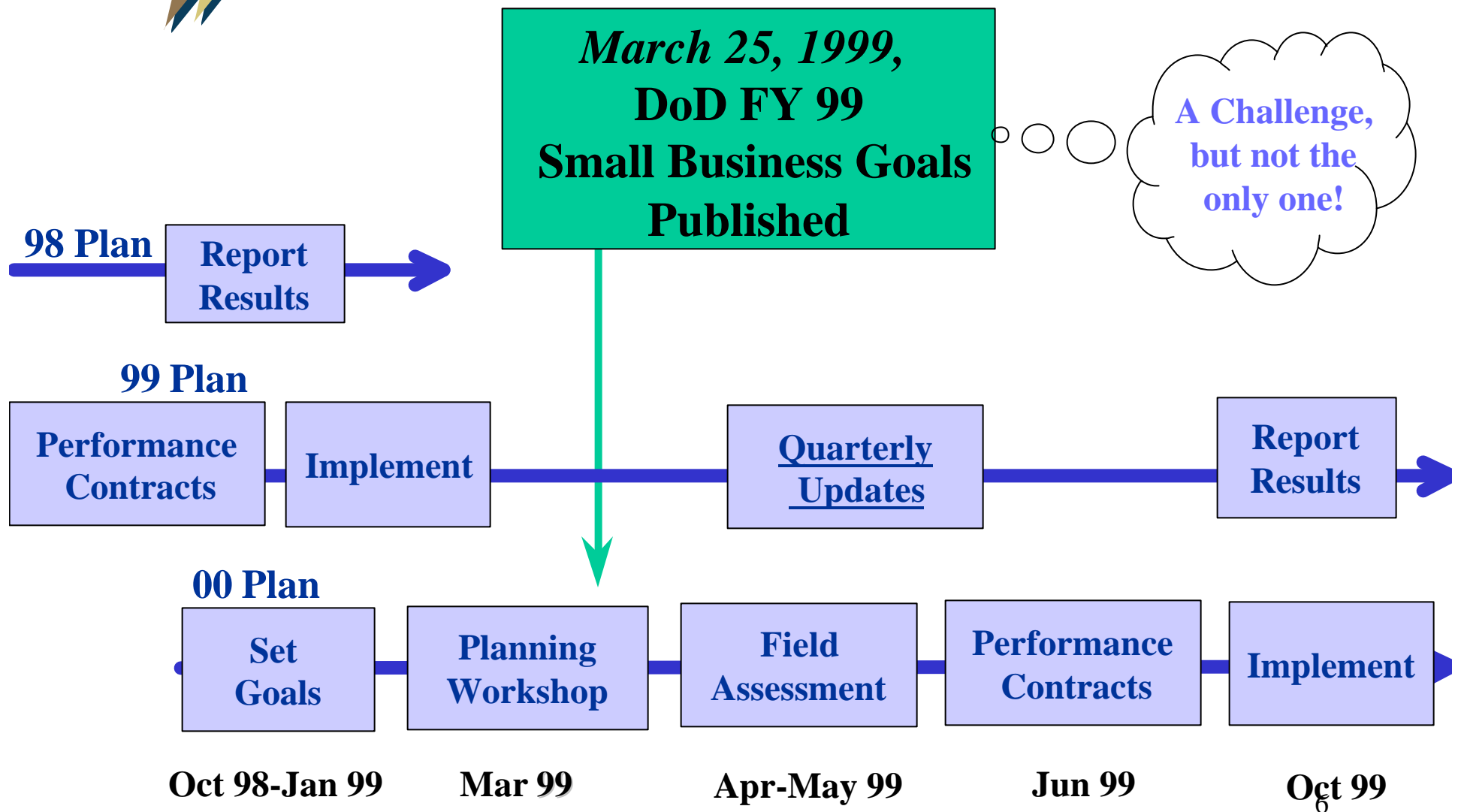
Comprehensive Subcontracting Plan Test Program

- PDUSD (A&T) Sep 2, 98 Memos, Comprehensive Subcontracting Test Program Role
 - CAEs encouraged to delegate authority to DCMC to negotiate
 - DDAS delegated authority District Associate Directors to coordinate on ACO position

DCMC Assigned Mission



Small Business Goals vs. DCMC Planning





New Small Business Rules

<10% of
SDBs
certified!

- SDB Certification Rule effective Oct 1, 99
- Converting small business size standards from standard industrial classification (SIC) to North American Industry Classification System (NAICS), Oct 1, 00.
- Aug 16, 99, President signs "Veterans Entrepreneurship and Small Business Development Act of 1999," Public Law 106-50 (plan on 2%) http://www.sba.gov/VETS/vets_guidelines.html



Goals & Objectives

Small Business Procurement Goals,
OFPP Policy Ltr 99-1, Oct 8, 99

- Small Business
- Disadvantaged Business
- Women-Owned Business
- HUBZone

23%

5%

5%

1.5%

Up from
20%

Avg.
1.84% in
5 yr.

Department / Agency negotiates annual goals
with the Small Business Administration
around Jan-Feb time.

<http://library.whitehouse.gov/OMB/fedreg/ofpp99-1.html>



Goals & Objectives

DLA FY 99 GOALS

- Small Business:
- Disadvantaged Business
- Women-Owned Business
- Historically Black College/Univ.
- HUBZone

Prime

41.8%
5.0%
5.0%
5.0%
1.0%

Subcontracting

40.0%
5.0%
5.0%
0%
0%

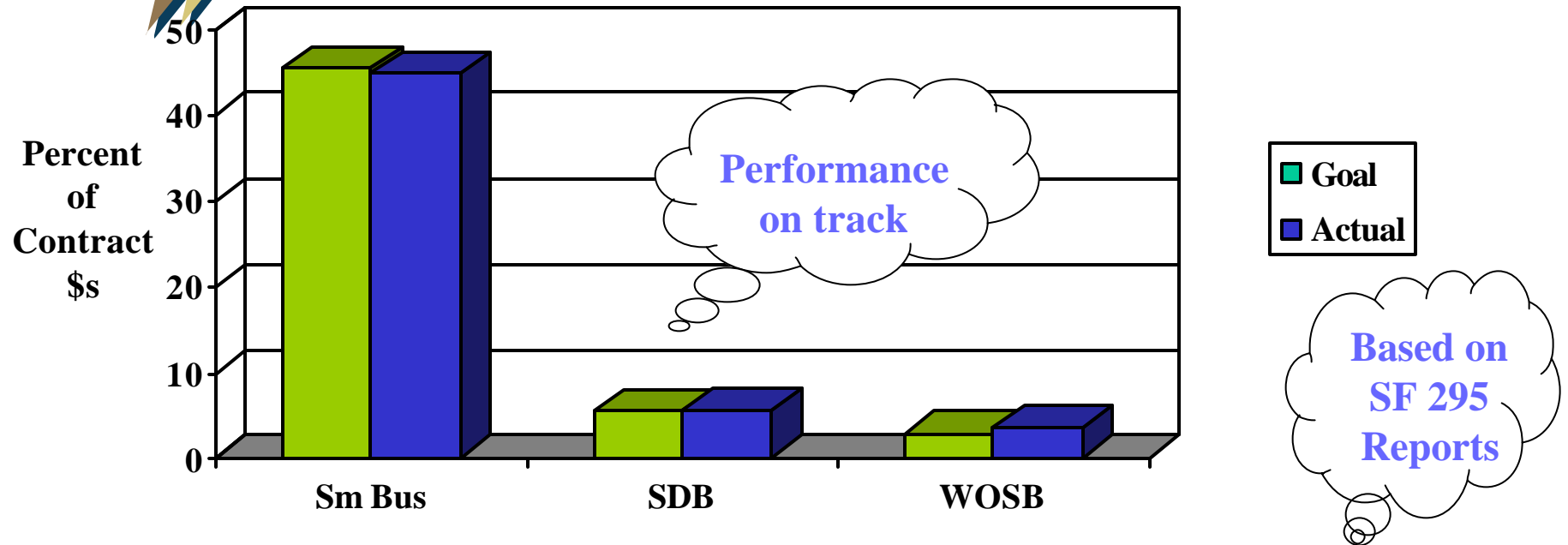
➤ HUBZone 1997 Act,

➤ FAR 19.704 (a) Each subcontracting plan must include goals for using [small business](#), HUBZone small business, [small disadvantaged business](#), and [women-owned small business](#) concerns as subcontractors

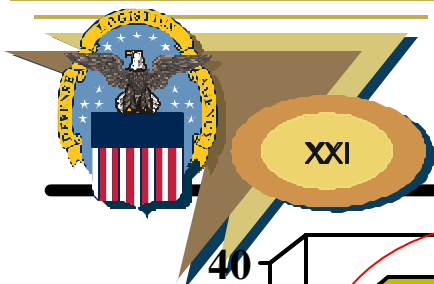
➤ SADBUE Fed Notice requires Contractor Goal on Comprehensive Plans in FY 00



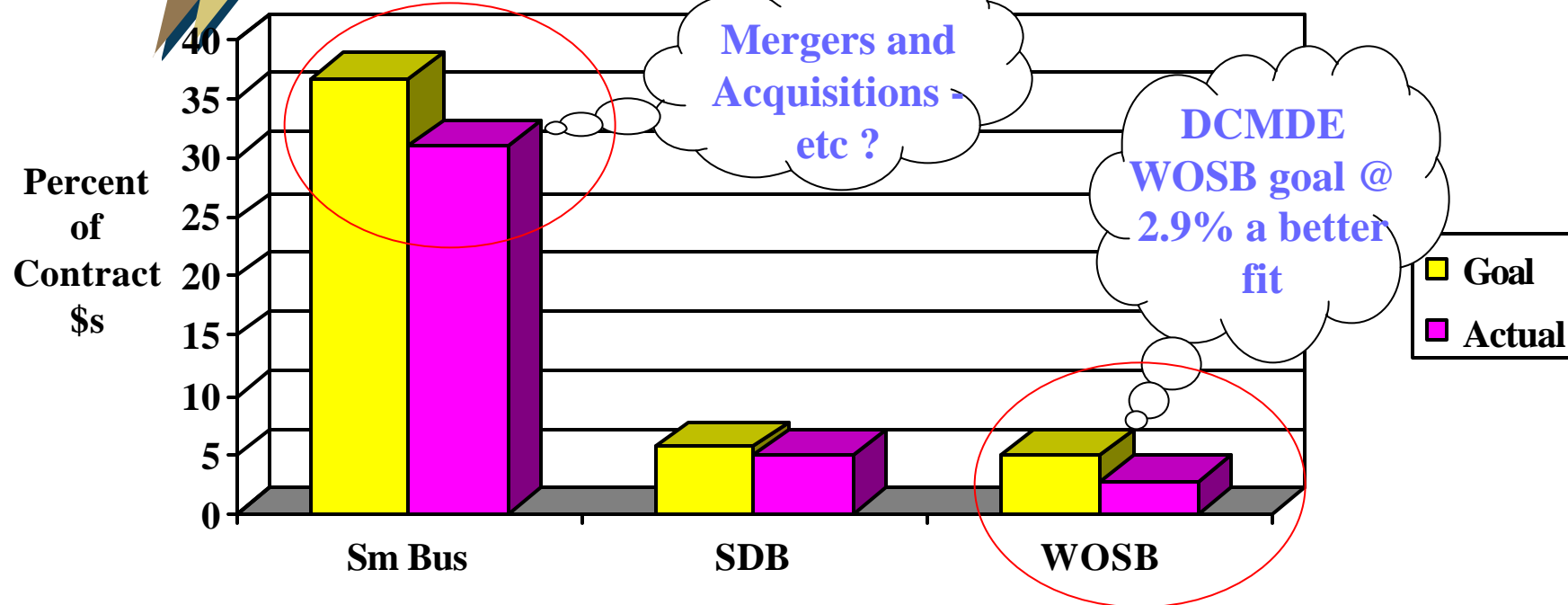
DCMDE FY 99 Subcontracting



FY 99 Program DCMDE	Goal %	Goal \$	1st half Actual %	1st half Actual \$
Small Business	45.5%	\$8,297,201,664	44.8	\$5,246,080,000
Small Disadvantaged	5.5%	\$1,002,958,433	5.6	\$655,760,000
Women Owned	2.9%	\$528,832,634	3.6	\$421,560,000
Total Contracting \$	100%	\$18,235,608,053	64%	\$11,710,000,000



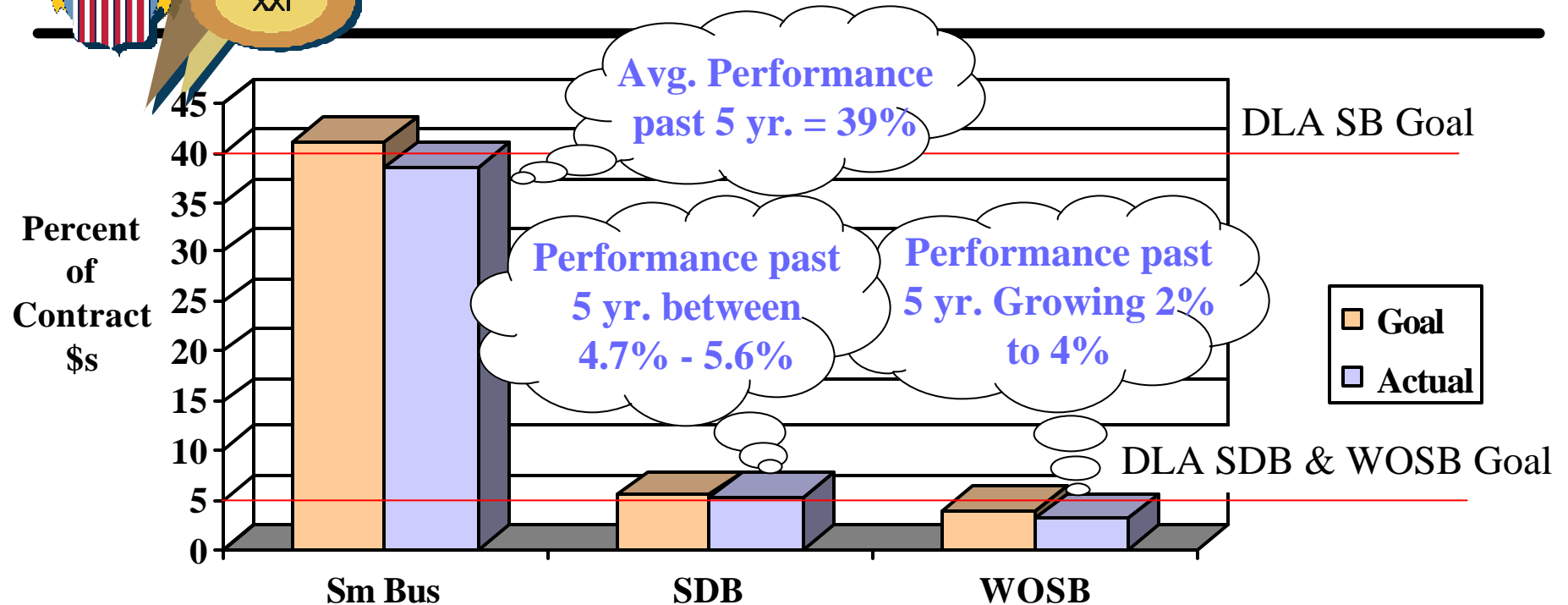
DCMDW FY 99 Subcontracting



FY 99 Program DCMDW	Goal %	Goal \$	1st half Actual %	1st half Actual \$
Small Business	36.8%	\$6,982,500,000	31.0%	\$3,045,706,870
Small Disadvantaged	5.6%	\$1,062,100,000	5.0%	\$490,859,203
Women Owned	5.0%	\$950,000,000	2.8%	\$279,468,506
Total Contracting \$	100%	\$19,000,000,000	52%	\$9,821,846,546



DCMC Subcontracting



FY 99 Program DCMC	Goal %	Goal \$	1st half Actual %	1st half Actual \$
Small Business	41.0%	\$15,279,701,664	38.5%	\$8,291,786,870
Small Disadvantaged	5.5%	\$2,065,058,433	5.3%	\$1,146,619,203
Women Owned	4.0%	\$1,478,832,634	3.3%	\$701,028,506
Total Contracting \$	100%	\$37,235,608,053	58%	\$21,531,846,546



Comprehensive Plan Test Program

**14 out of 19 FY 00
plans in effect as of
today**

FY 99 Comprehensive Subcontracting Plan Test Program

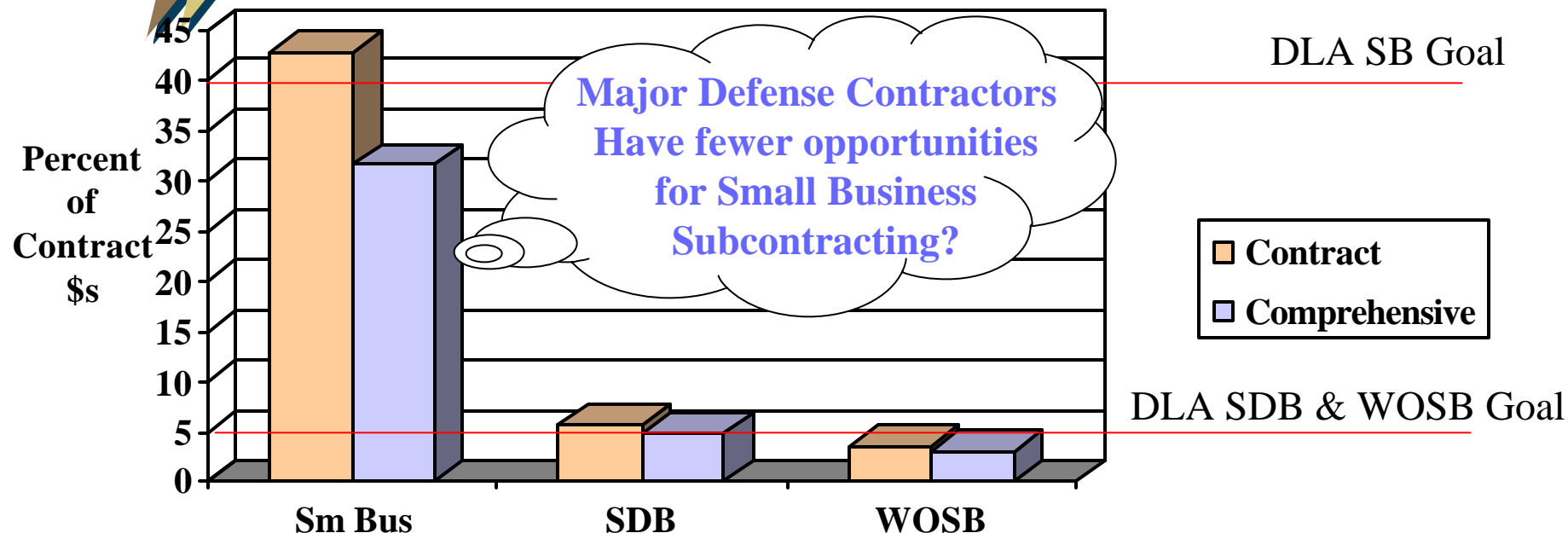
- Represents 37% of DoD Subcontracting \$ (55% in DCMDW)
- DCMC negotiated & administering 19 of 23 plans
- DCMC contracting officers negotiate annual goals/plan
- DCMD associate directors review and coordinate
- Progress tracked via SF 295 data and CAO surveillance

**Lock Mart Sunnyvale,
Rockwell Collins and
Litton not included**

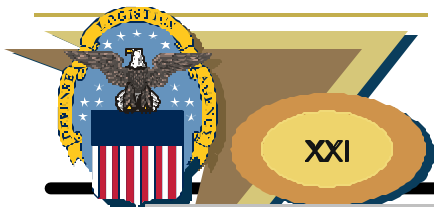
**Honeywell
dropped out of
Program**



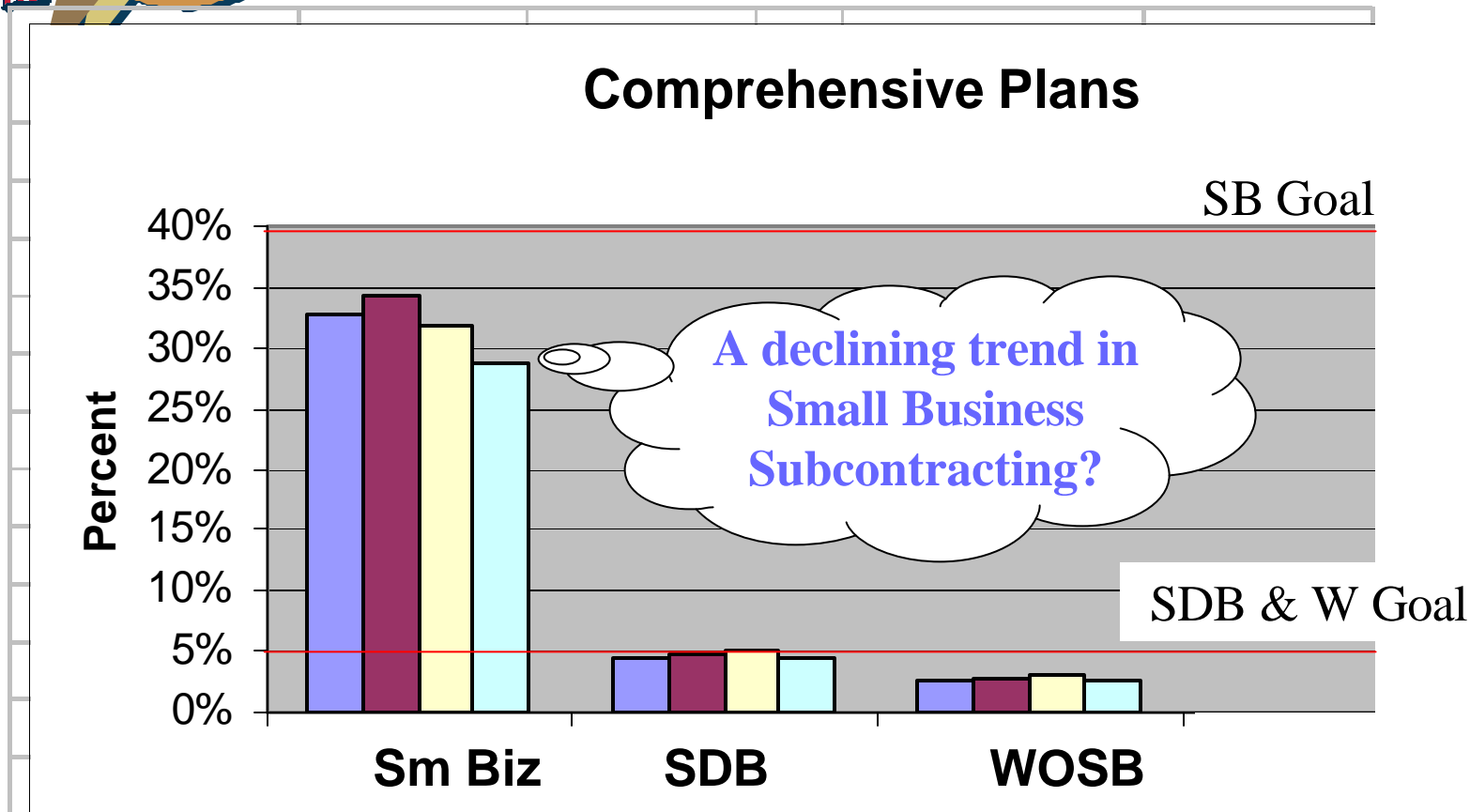
Comprehensive Plan Test Program



FY 99 Program DCMC	Contract-by-Contract		Comprehensive	
	1st half Actual %	1st half Actual \$	1st half Actual %	1st half Actual \$
Small Business	42.8%	\$5,678,508,896	31.6%	\$2,613,277,974
Small Disadvantaged	5.6%	\$745,977,396	4.8%	\$400,641,807
Women Owned	3.5%	\$463,637,919	2.9%	\$237,390,587
Total Contracting \$	62%	\$13,253,743,290	38%	\$8,278,103,256



Comprehensive Plan Test Program



Year	total	sb%	sb\$	sdb%	sdb\$	wosb%	wosb\$
1996	\$6,768,461,000	32.7%	\$2,210,425,000	4.5%	\$304,412,000	2.5%	\$167,214,000
1997	\$8,147,507,000	34.3%	\$2,791,873,000	4.9%	\$395,365,000	2.8%	\$229,647,000
1998	\$11,349,327,000	32.0%	\$3,631,182,000	5.0%	\$561,353,000	3.1%	\$348,424,000
1999	\$7,899,111,000	28.7%	\$2,270,786,000	4.4%	\$348,199,000	2.6%	\$206,197,000

1/2 Yr

Based on DIOR information



Comprehensive Plan Test Program

Exceeding Negotiated Goal

1999 Midyear Results							
DCMDE Company	TOTAL ACTUAL	SB ACTUAL	SB ACTL %	SDB ACTL	SDB ACTL %	WOSB ACTL	WOSB ACTL %
UTC, Hamilton Standard	\$57,613,000	\$42,461,000	73.7%	\$2,444,000	4.2%	\$2,946,000	5.1%
Lockheed Martin Info Sys	\$121,650,000	\$62,656,000	51.5%	\$11,416,000	9.4%	\$6,616,000	5.4%
UTC, Pratt & Whitney (FL)	\$118,665,000	\$65,266,000	55.0%	\$6,933,000	5.8%	\$12,077,000	10.2%
Harris Corporation	\$82,156,000	\$42,905,000	52.2%	\$3,587,000	4.4%	\$5,771,000	7.0%
UTC, Sikorsky Aircraft Corp	\$99,953,000	\$46,276,000	46.3%	\$3,678,000	3.7%	\$5,365,000	5.4%
Northrop Grumman, E,S & S (MD)	\$233,302,000	\$104,082,000	44.6%	\$8,971,000	3.8%	\$9,146,000	3.9%
Lockheed Martin E & M	\$172,773,000	\$73,320,000	42.4%	\$9,348,000	5.4%	\$3,904,000	2.3%
Raytheon System Company	\$1,416,340,423	\$588,088,000	41.5%	\$76,569,420	5.4%	\$56,375,272	4.0%
Textron Systems	\$46,391,000	\$19,129,000	41.2%	\$1,555,000	3.4%	\$1,313,000	2.8%
General Electric Aircraft Engines	\$251,435,000	\$80,698,000	32.1%	\$5,062,000	2.0%	\$6,164,000	2.5%
Lockheed Martin Aero Sys (GA)	\$318,100,000	\$76,000,000	23.9%	\$4,000,000	1.3%	\$6,900,000	2.2%
TOTAL COMP. PLANS	\$2,918,378,423	\$1,200,881,000	41.1%	\$133,563,420	4.6%	\$116,577,272	3.9%
DCMDE GOAL			44.0%		5.8%		4.3%
DCMDW Company	TOTAL ACTUAL	SB ACTUAL	SB ACTL %	SDB ACTL	SDB ACTL %	WOSB ACTL	WOSB ACTL %
Bell Helicopter, Textron Inc	\$267,958,791	\$128,364,767	47.9%	33,033,940	12.3%	13,666,928	5.1%
Northrop Grumman, ESS, IL	\$66,815,737	\$32,342,610	48.4%	4,309,861	6.5%	1,141,165	1.7%
Northrop Grumman, MASD	\$579,319,581	\$239,231,738	41.3%	29,181,882	5.0%	23,519,520	4.1%
TRW, S&EG	\$157,735,906	\$56,515,696	35.8%	13,896,573	8.8%	4,920,941	3.1%
Rockwell Collins, TX	\$26,326,974	\$9,608,037	36.5%	1,112,517	4.2%	754,524	2.9%
Lockheed Martin TAS	\$281,590,567	\$67,325,282	23.9%	9,327,900	3.3%	8,002,386	2.8%
Boeing Company	\$3,767,870,356	\$843,946,214	22.4%	172,121,298	4.6%	65,116,731	1.7%
Lockheed Martin Vought	\$212,107,344	\$35,062,630	16.5%	4,144,836	2.0%	3,691,392	1.7%
TOTAL COMP. PLANS	\$5,359,725,256	\$1,412,396,974	26.4%	267,128,807	5.0%	120,813,587	2.3%
DCMDW GOAL			23.4%		4.7%		2.0%
DCMC Combined	TOTAL COMP. PLANS						
	\$8,278,103,679	\$2,613,277,974	31.6%	\$400,692,227	4.8%	\$237,390,859	2.9%
DCMC GOAL			33.2%		5.2%		3.3%

DIOR reports \$7,899,111

Note: Textron SDB Goal = 4.9% and Vought SDB Goal = 3%



Comprehensive Plan Test Program

DCMDW Comprehensive Contractors = 55% of West subcontracting dollars
SB Goal = 23%, but actual 1/2 yr performance = 26.4%
DCMDW FY 99 SB Goal of 36.8% appears unachievable

Actions needed:

- Need consistent method for reporting to DLA and SADBUI
 - Need to reconcile DIOR with District Reporting
 - Need to validate who is in and who is out of program for FY 00
 - Need to track goals and trends
- DFARS 219.705-4 (d) -- SDB goals < 5% must be approved 2 levels up
 - DCMC-O interpretation is DCMC Commander or Deputy has authority
 - Lockheed Martin Vought FY 99 SDB 3% goal to be addressed by DCMDW
 - Textron Systems FY 99 SDB 4.9% goal to be addressed by DCMDE



Summary

- Can achieve FY 99 SDB goal, WOSB less likely, but SB unlikely
- SBA new SDB certification rule may make future 5% goals unachievable
- Districts to update / report contractor progress against goals biannually
- Can only influence contract-by-contract subcontracting plans/goals
- DCMC has lead for most of comprehensive subcontracting test program
 - Measure contractor performance against goals and trends
 - Consider negotiated comprehensive goals as indicator for projecting FY 00 subcontracting performance



End of Briefing



Comprehensive Subcontracting Test Program

All FY00 plans in effect with following exceptions/comments

For DCMDE there are three as follows:

- 1) Raytheon----given 60 day extension by DCE for new Corporate-wide Comp. plan.
- 2) Ham. Standard----given 30 day extension because of near term merger.
- 3) Pratt & Whitney (Palm Beach)---plan up and running, however all work transferring to CT.

For DCMDW there are five as follows:

- 4) TRW—plan approved after Oct 19, 99.
- 5) Lockheed Martin Tactical Aircraft Systems—negotiations concluded, signatures in process.
- 6) Lockheed Martin Corp., Missiles and Fire Control-Dallas--NEGOTIATIONS IN PROCESS
- 7) Northrop-Grumman Integrated Systems and Areostructures Sector--CONTRACTOR REVISING PLAN to include new cost centers forming a NEW SECTOR not previously reported or included in FY99 plan. ACO approved submission of consolidated final fy99 295 to include plan fy00 new sectors. Note: fy99 plan did not include the new cost centers or the NEW SECTOR. NEGOTIATIONS IN PROCESS.
- 8) Boeing-- negotiations concluded, awaiting a revised document. Plan includes a 5% SDB goal, 20% SB goal, and the addition of a HBZ goal; however, CACO approval language unclear on use of forecasts for measuring performance.